

**CHATTANOOGA–HAMILTON COUNTY BICENTENNIAL LIBRARY
1001 BROAD STREET
CHATTANOOGA, TENNESSEE**

MINUTES

BOARD MEETING – FEBRUARY 15, 2011

4:00 P.M.

The Board of Directors of the Chattanooga–Hamilton County Bicentennial Library met on February 15, 2011, at 4:00 p.m., in the Board Room with Mr. David Turner presiding.

The following members were present: Herb Cohn
Mary Lou Drazich
Mai Bell Hurley
Pat Kelley
Doris Kelly
Chrystal Partridge
Rickie Pierce
David Turner
Barbara Wofford

Also present were Eva Johnston, interim director; Eileen Johnson, fiscal coordinator; Andria Davis, community relations coordinator; and May Langmann, administrative assistant.

APPROVAL OF THE MINUTES OF THE JANUARY 18, 2010, BOARD MEETING:

Mrs. Rickie Pierce moved that the minutes of the January 18, 2011, meeting be approved, Mrs. Pat Kelley seconded the motion and it was unanimously approved and carried.

TREASURER'S REPORT:

Ms. Mary Lou Drazich reviewed the January financial statement.

Income:

We received our City and County allocations for the month. We have also been awarded a \$93,500 grant from State and Federal funds. In January we received 75% of this money, which is \$70,125.00. Money received to-date is to be used in the following way – \$2,500 for library materials for the disadvantaged and \$67,625 was for general library services materials. We had total receipts of \$538,385.53 for the month of January. We have received 64% of anticipated receipts.

Expenses:

We had the OPEB (Other Post Employee Benefits) expense for January of \$21,117.18. We had a staff member who was injured on the job last summer. Under Physicals/Medical Services, there is a charge of \$8,808.29 for her medical expenses which included recent surgery. Mrs. Pat Kelley asked if Workmen's Compensation covered her expenses. Mrs. Eileen Johnson said no because with the City, we are self-insured. We do not pay into Workmen's Compensation. Ms. Drazich asked if the \$8,808.29 is over and above her insurance? Mrs. Johnson replied that her insurance would not pay anything. It is the library's responsibility because she got injured at work. Mrs. Kelley asked if the insurance that she carries through the library or does the library carry some form of insurance for her? Mrs. Johnson said yes, but then that would be a cost to

her. This is a cost to the library. Mrs. Johnston said it would be like if you got injured at a grocery store – your medical insurance would not cover you; the grocery's insurance would.

Other expenses included: \$4,862.33 for elevator repairs; \$22,451 for yearly magazine subscriptions at all of our locations; and \$18,834 paid to ProQuest for newspaper hardbound and microfilm services. For the month of January, we had expenditures of \$519,274.61. We are 55% into our expense budget.

On-Demand:

We had receipts of \$2,816.00 for the month. We purchased On-Demand items in the amount of \$856.13 and have a net income of \$7,566.68.

Mr. Herb Cohn asked Mrs. Johnston if items in the On-Demand are moved into the regular circulating collection after a certain period of time. She said yes, that items usually stay On-Demand for only six months. Mr. Cohn added that this is a real advantage for the library's circulating collection.

Ms. Drazich asked Mrs. Johnston if she thought devices like Kindles would affect library use. Mrs. Johnston related a recent incident concerning a Northgate library patron. The patron brought in an eReader and asked Carol Green, Branch Manager, how to use it. He asked Carol if Kindles would put libraries out of business. Carol responded, "Not as long as patrons come into the library to learn how to use them." Mrs. Johnston believes that Kindles, Nooks and other devices will not harm the library. She added that downloading new books costs up to \$12.99 each on Kindles, although the price drops after some time.

Mrs. Johnston informed the Board that we are purchasing ePubs (electronic publications) from Overdrive which are compatible with Nooks but not with Kindles. Overdrive is adding a connection to the Gutenberg Project that will access thousands of eBooks no longer under copyright restrictions. Patrons will be able to access these eBooks directly from our website. Mrs. Johnston confirmed for Mrs. Kelley that with the Nook you can download bestsellers for free from the library's website, if the library has purchased it from Overdrive. There are websites patrons can go to that can convert ePubs to something that is readable by Kindle. Library staff have discussed this and have decided against adding these outside links to our website. It is up to the patron to convert eBooks for their devices.

FINANCE COMMITTEE REPORT:

Ms. Drazich told the Board that the current budget must be revised due to OPEB charges we have accrued this year. Reserve funds were used to cover this \$289,000/year charge but we do not want to use reserve funds again. The Finance Committee is proposing that we revise our current budget by adding \$289,000 to our existing budget to avoid this shortage.

Ms. Drazich moved on behalf of the Finance Committee that the proposed revised budget for FY 2010/2011 be increased by \$289,000 making the budget \$6,180,202.00.

Mrs. Hurley asked if we are proposing to run on a deficit or are we cutting in other areas? Mrs. Johnston replied that we are going into the reserve funds. She added that our main consideration is whether to revise the budget now to cover previously unknown expenses or to show a big jump in this year's budget and next year's budget. Mrs. Hurley said it is wise to revise the budget now. She also asked if we are exploring the OPEB opt-out provision. Mrs. Hurley thinks it is not a very nice thing to do, but employers are doing it all over the country, reducing pensions and other benefits to balance the budget. It seems to her it is something we need to explore. Mrs. Johnston remembered Mr. David Clapp talking about this issue. He recommended that the Board wait to see if the library became a City agency this year. If the library did, we would be under the pay plan of the City. Replying to Mrs. Pat Kelley's question on when this issue would be addressed, Mr. Turner said May 23, when the sales tax issue will be decided.

Mr. Cohn asked Mrs. Hurley what would happen then? She replied that she does not know for sure but if a new agreement is not made, then the City and municipalities get \$11,000,000 more and it will be up to the City how it spends that money. It will be up to the County whether the long list of agencies they fund with their share of sales tax money – which is one of the tax equity issues that as she understands it – will be funded by property taxes. Funding for many additional agencies have been added to the budget over the years, which when originally designed by Ralph Kelly, was basically intended for health and mental health. Erlanger was the lead agency. Now there is around \$2.5 Million in grants that come under Chattanooga–Hamilton County Services Commission. This includes fairly major grants all coming to the County budget and all paid for by the sales tax agreement. If the agreement lapses, Mrs. Hurley believes it is unlikely that the County would continue funding these agencies with property taxes money. She said she saw Mayor Littlefield at the Community Impact graduation and he sent her a power point showing the inequity of this arrangement.

Mr. Turner told the Board that both the City and County finance officials have contacted Mrs. Eileen Johnson and have asked for a copy of our proposed FY 2011/2012 budget. The reality for Mrs. Johnson is if we become a City agency on May 23, we will then have to present a new budget to the City. Our current budget requests half of our funding from the City and half from the County.

Ms. Mary Lou Drazich moved on behalf of the Finance Committee that the proposed Revised Budget for FY 2010/2011 in the amount of \$6,180,202.00 be approved. Mrs. Mai Bell Hurley seconded the motion and it was unanimously approved and carried.

Ms. Drazich called the Board's attention to the proposed operations budget for FY 2011/2012. This is basically the same budget as previously presented except that there is some adjustment to three staff wages – one promotion and two salary increases. Also included is Longevity Pay, an increase of \$66,627.00. Last year City employees all received longevity pay increase and will be getting another one this year. Last year the Library Board voted not to give library employees that longevity pay increase. Mr. Turner said the mayor asked him to include it this year.

Ms. Drazich said we have already included the OPEB in our revised budget. The total increase will be \$129,780.00 over and above the operations budget we just revised.

The library's capital expense budget is \$1,696,000.00. Per Mayor Littlefield's request, we are asking for \$1,000,000 (\$500,000 from the City and \$500,000 from the County) for preliminary work on the new Eastgate Library building. We also asked for \$26,000 (\$13,000 each from the City and the County) to replace a 16-year old delivery van. Our repair costs have increased on this van which is used daily to make deliveries to the branches and day care centers. We also have a \$670,000.00 capital request for the expansion of the South Chattanooga Branch to meet increased demands for services. In summary, our operations budget is \$6,309,982.00 and our capital expenditures budget is \$1,696,000.00 for a total budget of \$8,005,982.00.

Mrs. Hurley asked if we have discussed the South Chattanooga Library expansion with Mayor Littlefield. Mrs. Johnston said it has been included in our capital requests for the last several years. She added that we no longer have the elevator repairs and automation on our capital request form. Mrs. Hurley pointed out that Carol Berz and Jack Benson are advocates for the Eastgate Branch but questioned whether we've got a constituency advocating for South Chattanooga. Mr. Turner said he has not discussed this matter with Mayor Littlefield. He is counting on Councilman Manuel Rico for his support. Mrs. Hurley thinks we should discuss this with Mayor Littlefield. Although the City Council is much more active in the budget process than the Council she was a part of in the past, still, at the end of the day, it comes down to the Mayor putting together a budget and the Council reacting to what is presented to them. To get the South Chattanooga expansion included in the mayor's budget, Mr. Turner or Mrs. Johnston or both together to talk to him. Mr. Turner told the Board that he had asked Anita Ebersole to add him and Mrs. Johnston in the mayor's general agenda for both March and April, mostly in

anticipation of the sales tax expiration. Mrs. Hurley suggested that Mr. Turner alert the mayor that the capital budget request is coming, specifically the \$335,000 we are asking for the South Chattanooga Branch expansion.

Mr. Turner said the mayor is emphatic and specific about his priorities, which are (1) Eastgate, (2) Northgate and (3) downtown. After a short discussion, the Board agreed to remove the request for South Chattanooga from the capital budget.

Ms. Mary Lou Drazich moved that we add a \$1,000,000.00 capital request (\$500,000 from the City and \$500,000 from the County) for the preliminary work at the new Eastgate Library building and \$26,000.00 (\$13,000 from the City and \$13,000 from the County) for a new delivery van to replace the 16-year old van. Mr. Herb Cohn seconded the motion and it was unanimously approved and carried.

Mr. Turner stressed to the Board that if something happens between now and May 23 and we become exclusively a City agency, we will have a similar discussion again and Mrs. Johnson will be preparing the budget again.

RATIFICATION OF THE APPROVAL OF THE MINUTES OF THE NOVEMBER 16, 2010 MEETING:

Dr. Barbara Wofford moved that the approval of the minutes of the November 16, 2010 meeting be ratified. Mrs. Pat Kelley seconded and it was unanimously approved and carried.

FRIENDS' REPORT:

No representative from the Friends of the Library was present. Mr. Turner informed the Board that he, Mrs. Johnston and Ms. Andria Davis met with the Friends' Executive Council last week. They have agreed to give us the \$950.00 needed to create a 501(c)(3) organization to manage *ClubLib*. Mrs. Johnston said that the Friends Executive Council asked to pre-approve any expenditures made with money held in their account, including *ClubLib* funds. She said Lee Hope prepared a Children's Department renovation budget, which they approved at the meeting. The treasurer, when we submit related receipts, will sign-off that the transaction falls within the guidelines of the budget. Mrs. Rickie Pierce asked if the Friends are in good spirits about the formation of a separate *ClubLib* entity. Mr. Turner said he thinks they are in good spirits.

ENDOWMENT COMMITTEE REPORT:

Ms. Drazich reported that the Endowment Committee had their quarterly meeting. Our endowment fund as of December 31, 2010, had a market value of \$3,297,920.00. First Tennessee, SunTrust and Globalt were all performing well. She commented that the best move the Board ever made was to hire Dick Schubert as a consultant.

Mrs. Hurley asked about the pending bequest that was being questioned in court. Ms. Drazich replied that she discussed this matter with Mr. David Clapp before he retired. The City represented us and did file an answer before it was due. All the agencies did. She does not know how solvent the estate is, but she thinks that the court is now trying to determine what each organization is entitled to receive.

DIRECTOR'S REPORT:

Mrs. Johnston had requested in her Director's Remarks that the Board vote on who should receive the elevator contract. However, representatives from Otis Elevator have requested a meeting to go over their 5 pages of "Clarifications" that were added to their bid. A meeting has been set for Wednesday, February 16, at 1:00 p.m. Dan Thornton, City Real Properties, Randy Metcalf, our Elevator Engineer, and Ron Johnson from the City Finance department will meet with the Otis Elevator representative to review this matter. Mrs. Johnston thinks we still want to go with Chattanooga Elevator. Mrs. Johnston said she would like to take the recommendations of the City (Dan Thornton) as well as our elevator engineer (Randy Metcalf) and send a request to the Board for a vote after that meeting. Mr. Cohn asked if the Board could make a motion now subject to the City's approval. The Board agreed.

Mr. Herb Cohn moved that the Board approve Chattanooga Elevator subject to the recommendation from the City. Mrs. Pat Kelley seconded the motion and it was unanimously approved and carried.

OTHER MATTERS:

Mr. David Turner said this is a grand time for the library. Mrs. Rickie Pierce was recognized last week when she received the Distinguished Service Award from the Kiwanis Club. She gave a tremendous speech. Other members of the Board who were present at the meeting agreed.

We have discussed several library news articles and photograph opportunities with the reporters from the *Chattanooga Times Free Press*.

The next meeting of the Eastgate Action Group is Thursday, February 24. Mr. Turner, Mrs. Johnston and Ms. Margaret Curtis, Head of Eastgate Library, will be attending. Mr. Turner and Mrs. Johnston talked with Mike Lane from Artech. He has received the wish list that was prepared by the Eastgate Action Group during their January meeting. The list includes a community room, open areas, and large glass windows. Mr. Lane commented to Mr. Turner that it is going to take a lot of money to fulfill their request. As a result, Mr. Turner talked to Mayor Littlefield, who told him to put in the \$1,000,000 request in the upcoming capital budget.

Mr. Turner believes that Mayor Littlefield is committed to relocating the Northgate Library. In drawings submitted to us, planners referred to the library as a "media center". We are unclear if Councilwoman Pam Ladd supports this location and this type of multi-purpose building. Mr. Turner reminded the Board that American Library Association statistics show that the most successful libraries are located near commercial areas with high traffic. This new proposed location for the Northgate Branch is in a fairly isolated area. Mr. Cohn told Mr. Turner he has received several phone calls from people who are irate over just from the possibility of moving the branch. Ms. Drazich stated that she has not heard anyone from the community publicly supporting the move. Mr. Turner agreed with both Mr. Cohn and Ms. Drazich. His experience has been the same.

There were no other comments or discussions. Mr. Turner adjourned the meeting at approximately 5:05 p.m.

Pat Kelley
Secretary